



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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June 30, 1992

Norman Haslem
Mine Superintendent
Ziegler Chemical & Mineral Company
Star Route
Vernal, Utah 84078

Dear Mr. Haslem:

Re: Notice of Intention to Commence Small Mining & Notice of Intention to Conduct Exploration, Cottonwood #3 Project, Ziegler Gilsonite Mines, M/047/013, Uintah County, Utah

The Division has reviewed the two notices described above which were received on June 11, 1992. Review and processing of the notices was suspended until a reclamation surety was in place for the existing Ziegler operations. The notices describe different activities for the same area located on State Lands. It is assumed that a large diameter pilot hole is to be drilled, followed by sinking a shaft using the pilot hole. While the information contained in the notices is complete, there are other issues which complicate matters for this project.

Ziegler has the Cottonwood #1 Mine (an existing mine) located within one mile of the proposed project. According to the Division policy regarding related or neighboring sites, the proposed project would be an amendment/revision to the existing Ziegler permit and reclamation surety, rather than a separate and distinct mining project. A revision to a large mining Notice of Intent requires a public notice and comment period, while an amendment does not. A review of the information submitted classifies the Cottonwood #3 Project as an amendment.

Any change in the form or amount of reclamation surety will need to be presented to the Board of Oil, Gas & Mining (Board) for approval, regardless of the amendment/revision issue. The Division has not required a separate surety for other Ziegler projects which are located on State Lands provided they are bonded with State Lands. In this case, if Ziegler posts an acceptable bond with State Lands for the

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Cottonwood #3 Project, the Division will not require a separate surety or an adjustment to the existing reclamation surety held by this Division.

The Division will allow Ziegler to immediately proceed with the exploration borehole portion of the project, provided State Lands & Forestry has approved of the project. The Division will consider allowing the shaft sinking portion of the project to begin, after evidence of a reclamation bond posted with State Lands & Forestry and a complete permit amendment application form has been received by the Division. A copy of the Amendment/Revision form has been enclosed for your use.

The Cottonwood #3 Project will need to be included in the existing Ziegler Gilsonite Mines permit as an amendment by providing the Division with the appropriate information as required by rule and the application form no later than July 20, 1992. In addition, please provide a summary listing all current mine sites and support facilities. In this listing please include: mine name, disturbed acreage, legal description to the quarter-quarter section and agency holding the reclamation bond.

As discussed in a previous phone conversation, a site inspection will need to be performed this year prior to the review/adjustment of the existing reclamation surety. I will be contacting you in the near future to schedule a time and date for the inspection. A recent directive by the Board instructed the Division to use current and updated forms for all surety renewals. For this reason, Ziegler will also need to submit a completed Reclamation Contract with the replacement surety. A blank copy of the Reclamation Contract (Form MR-RC) and guidelines for its completion are enclosed. I suggest a draft version of the Reclamation Contract be prepared for review by the Division prior to submission of the final original. If you have any questions with regard to the content of this letter, do not hesitate to contact me.

Sincerely,



Anthony A. Gallegos
Reclamation Engineer

jb
Enclosures
cc: John Blake, State Lands & Forestry
Gayle McKeachnie, McKeachnie & Allred
Lowell Braxton, DOGM
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